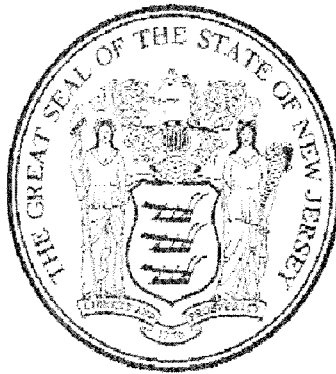


# **QUARTERLY REPORT**

**LICENSEE RESORTS INTERNATIONAL HOTEL, INC.**

**FOR THE QUARTER ENDED JUNE 30, 2003**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



# BALANCE SHEETS

AS OF JUNE 30, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 16,870	\$ 21,884
2	Marketable securities (Short Tm. money market at cost).....	88,755	112,708
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2003, \$3,567; 2002,\$4,239).....	5,217	8,952
4	Inventories.....	1,320	1,430
5	Prepaid Expenses and Other Current Assets.....	9,132	6,028
6	Total Current Assets.....	121,294	151,002
7	Investments, Advances, and Receivables..... Note 2.....	19,014	18,881
8	Property and Equipment - Gross.....	178,597	141,574
9	Less: Accumulated Depreciation and Amortization.....	(17,740)	(7,998)
10	Property & Equipment - Net.....	160,857	133,576
11	Other Assets.....	7,256	9,156
12	<b>Total Assets.....</b>	<b>\$ 308,421</b>	<b>\$ 312,615</b>
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 4,664	\$ 7,941
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates..... Note 5.....	-	-
16	Other..... Note 5.....	942	857
17	Income Taxes Payable and Accrued.....	1,152	2,388
18	Other Accrued Expenses..... Note 3.....	17,611	19,894
19	Other Current Liabilities..... Note 4.....	8,736	8,713
20	Total Current Liabilities.....	33,105	39,793
	Long-Term Debt:		
21	Due to Affiliates..... Note 5.....	176,368	175,945
22	Other..... Note 5.....	6,401	7,273
23	Deferred Credits.....	4,653	1,349
24	Other Liabilities.....	-	- *
25	Commitments and Contingencies.....	-	-
26	<b>Total Liabilities.....</b>	<b>220,527</b>	<b>224,360</b>
27	<b>Stockholders, Partners', or Proprietor's Equity.....</b>	<b>87,894</b>	<b>88,255 *</b>
28	<b>Total Liabilities and Stockholders'Equity.....</b>	<b>\$ 308,421</b>	<b>\$ 312,615</b>

\* Prior year information has been restated to conform to current year presentation.

# STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	<b>Revenue:</b>		
1	Casino.....	\$ 119,032	\$ 130,493
2	Rooms.....	5,192	6,583
3	Food and Beverage.....	10,673	12,128
4	Other.....	3,056	3,493
5	Total Revenue.....	137,953	152,697
6	Less: Promotional Allowances.....	27,810	34,160 *
7	Net Revenue.....	110,143	118,537
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	74,312	77,524 *
9	Selling, General, and Administrative.....	19,680	21,565 *
10	Provision for Doubtful Accounts.....	356	739
11	Total Costs and Expenses.....	94,348	99,828
12	<b>Gross Operating Profit.....</b>	<b>15,795</b>	<b>18,709</b>
13	Depreciation and Amortization.....	6,016	4,536
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	<b>Income (Loss) from Operations.....</b>	<b>9,779</b>	<b>14,173</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates..... Note 6.....	(9,436)	(7,604)
18	Interest (Expense) - External.....	(155)	(53)
	Investment Alternative Tax and Related Expense,		
19	Net of Amortization of \$0 and \$4 Respectively.....	(416)	851
20	Nonoperating Income (Expense) - net.....	630	(2,581) *
21	Total Other Income (Expenses).....	(9,377)	(9,387)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>402</b>	<b>4,786</b>
23	Provision (Credit) for Income Taxes..... Note 7.....	843	2,043 *
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>(441)</b>	<b>2,743</b>
25	Extraordinary Items (net of income tax benefit).....	-	- *
26	<b>Net Income (Loss).....</b>	<b>\$ (441)</b>	<b>\$ 2,743</b>

\* Prior year information has been restated to conform to current year presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

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# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	<b>Revenue:</b>		
1	Casino.....	\$ 63,012	\$ 67,291
2	Rooms.....	2,635	3,409
3	Food and Beverage.....	5,800	6,362
4	Other.....	1,694	2,204
5	Total Revenue.....	73,141	79,266
6	Less: Promotional Allowances.....	14,913	17,706 *
7	Net Revenue.....	58,228	61,560
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	37,797	39,359 *
9	Selling, General, and Administrative.....	9,753	10,551 *
10	Provision for Doubtful Accounts.....	53	362
11	Total Costs and Expenses.....	47,603	50,272
12	<b>Gross Operating Profit.....</b>	<b>10,625</b>	<b>11,288</b>
13	Depreciation and Amortization.....	3,065	2,352
14	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	<b>Income (Loss) from Operations.....</b>	<b>7,560</b>	<b>8,936</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates.....	(4,628)	(5,345)
18	Interest (Expense) - External.....	(76)	(23) *
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively.....	(258)	369
20	Nonoperating Income (Expense) - net.....	432	597
21	Total Other Income (Expenses).....	(4,530)	(4,402)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>3,030</b>	<b>4,534</b>
23	Provision (Credit) for Income Taxes.....	1,389	1,773
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>1,641</b>	<b>2,761</b>
25	Extraordinary Items (net of income tax benefit).....	-	-
26	<b>Net Income (Loss).....</b>	<b>\$ 1,641</b>	<b>\$ 2,761</b>

\* Prior year information has been restated to conform to current year presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002  
AND THE SIX MONTHS ENDED JUNE 30, 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2001.....	1,000,000	\$ 1,000		\$	\$ 41,879		\$ 7,888	\$ 50,767
2	Net Income (Loss) - 2002.....							2,877	2,877
3	Contribution to Paid-in-Capital.....					35,000			35,000
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Sale of Hedging Instrument.....							(151)	(151)
7	Stock Options Granted to employees and consultants.....					(183)			(183)
8	.....								
9	.....								
10	Balance, December 31, 2002.....	1,000,000	1,000			76,696		10,614	88,310
11	Net Income (Loss) - 2003.....							(441)	(441)
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Stock Options Granted to employees and consultants.....					25			25
15	.....								-
16	.....								-
17	.....								-
18	.....								-
19	Balance, June 30, 2003.....	1,000,000	\$ 1,000		\$	\$ 76,721	\$	\$ 10,173	\$ 87,894

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001  
AND THE SIX MONTHS ENDED JUNE 30, 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2001.....	\$	\$	\$	\$
2	Net Income (Loss) - 2002.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....				
8	.....				
9	.....				
10	Balance, December 31, 2002.....				
11	Net Income (Loss) - 2003.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....				
17	.....				
18	.....				
19	Balance, June 30, 2003.....	\$	\$	\$	\$

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
1	<b>Net Cash Provided (Used) by Operating Activities.....</b>	\$ 4,426	\$ 18,816
	<b>Cash Flows From Investing Activities:</b>		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(19,822)	(4,439)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(1,409)	(1,420)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	CRDA Reimbursement.....	-	1,492
11	.....	-	-
12	<b>Net Cash Provided (Used) By Investing Activities.....</b>	(21,231)	(4,367)
	<b>Cash Flows From Financing Activities:</b>		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	(518)	(414)
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	(12)	(7,931)
17	Payments to Settle Long-Term Debt.....	-	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	35,000
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Other Financing Activities.....	-	(992)
22	Advances from (Repayment to) Parent Company and Affiliates.....	-	79,117
23	<b>Net Cash Provided (Used) By Financing Activities.....</b>	(530)	104,780
24	<b>Net Increase (Decrease) in Cash and Cash Equivalents.....</b>	(17,335)	119,229
25	<b>Cash and Cash Equivalents at Beginning of Period.....</b>	122,960	15,363
26	<b>Cash and Cash Equivalents at End of Period.....</b>	\$ 105,625	\$ 134,592

	<b>Cash Paid During Period For:</b>		
27	Interest (Net of Amount Capitalized).....	\$ 9,360	\$ 2,955 *
28	Income Taxes (Net of amounts refunded).....	\$ (275)	\$ 1,350 *

\* Prior year information has been restated to conform to current year presentation.

# STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net Income.....	\$ (441)	\$ 2,743
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	4,806	3,532
31	Amortization of Other Assets.....	1,210	1,004
32	Amortization of Debt Discount or Premium.....	217	110
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	416	(851)
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks .....	(119)	(679)
39	Net (Increase) Decrease in Inventories.....	(31)	108
40	Net Decrease (Increase) in Other Current Assets.....	(1,419)	(838)
41	Net Decrease (Increase) in Other Assets.....	63	(87)
42	Net Increase (Decrease) in Accounts Payable.....	(899)	2,195
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	598	8,305 *
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	25	(104)
45	Loss on extinguishment of debt.....	-	3,378 *
46			
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 4,426</b>	<b>\$ 18,816</b>

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>Acquisition of Property and Equipment:</b>		
48	Additions to Property and Equipment.....	\$ (19,822)	\$ (10,969)
49	Less: Capital Lease Obligations incurred.....	-	6,530
50	<b>Cash Outflows for Property and Equipment.....</b>	<b>\$ (19,822)</b>	<b>\$ (4,439)</b>
	<b>Acquisition of Business Entities:</b>		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	<b>Cash Outflows to Acquire Business Entities.....</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued or Capital Contributions:</b>		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ 35,000
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	<b>Cash Proceeds from Issuing Stock or Capital Contributions.....</b>	<b>\$ -</b>	<b>\$ 35,000</b>

\* Prior year information has been restated to conform to current year presentation.

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.



TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC.

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	45,355	\$ 4,756	730	\$ 103
2	Food	485,509	6,054	205	19
3	Beverage	201,046	1,113	-	-
4	Travel	-	-	9,058	878
5	Bus Program Cash	319,819	4,694	-	-
6	Other Cash Complimentaries	360,263	10,164	-	-
7	Entertainment	15,302	913	926	101
8	Retail & Non-Cash Gifts	4,659	58	578	101
9	Parking	2,885	-	-	-
10	Other	-	58	13,809	376 *
11	Total	1,434,838	\$ 27,810	25,306	\$ 1,578

FOR THE THREE MONTHS ENDED JUNE 30, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	15,815	\$ 2,411	326	\$ 48
2	Food	248,566	3,184	55	6
3	Beverage	97,762	597	-	-
4	Travel	-	-	4,934	445
5	Bus Program Cash	191,402	2,845	-	-
6	Other Cash Complimentaries	190,564	5,283	-	-
7	Entertainment	7,281	536	451	59
8	Retail & Non-Cash Gifts	2,434	30	206	48
9	Parking	-	-	-	-
10	Other	1,550	27	7,080	202 *
11	Total	755,374	\$ 14,913	13,052	\$ 808

\* Included in Other Promotional Expenses for the three months and six months ended June 30, 2003 are tobacco complimentaries in the amounts of \$37 and \$85 respectively. No other single item or service included in other exceeds 5% of the column total.

**RESORTS INTERNATIONAL HOTEL INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Basis of Presentation**

Colony RIH Holdings, Inc., a Delaware corporation ("CRH"), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc., also a Delaware corporation ("RIHC"). RIHC, through its wholly-owned subsidiary, Resorts International Hotel, Inc., a New Jersey corporation ("RIH" or the "Company"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of 11½% first mortgage notes (the "First Mortgage Notes") (see Note 4, "Long-Term Debt"). Concurrent with the sale of the First Mortgage Notes, CRH issued class A common stock and class B common stock to its existing shareholders for a total price of approximately \$35.0 million. The proceeds from the sale of the First Mortgage Notes and issuance of stock were used to retire existing debt and are being used to finance the cost to develop, construct and equip the Hotel Expansion Project. As of June 30, 2003, \$67.2 million of the proceeds is deposited in a construction disbursement account for this purpose. Additionally, \$10.0 million of the proceeds from the issuance of stock has been deposited in a liquidity disbursement account to be used for working capital in the event that RIH's Adjusted Consolidated EBITDA, as defined in the First Mortgage Notes Indenture, for any four fiscal quarters ending on or prior to December 31, 2004, is less than \$28 million. As of June 30, 2003, \$77.2 million of the proceeds, including \$10.0 million in the liquidity disbursement account, is considered a restricted cash investment under the terms of the debt offering, and is included in Marketable Securities on the accompanying balance sheet.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the "Commission") for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principals for complete financial statements.

These accompanying financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The casino industry is seasonal in nature; accordingly, operating results for the three month and six month periods ended June 30, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH's Quarterly Report for the quarter ended December 31, 2002, as filed with the Commission.

Certain amounts in the prior period financial statements have been reclassified to conform to their current period presentation.

During September 2002, the Company reclassified certain incentives from costs and expenses to promotional allowances to be consistent with prevailing industry practice for these costs. The Company has also reclassified certain amounts from a reduction of casino revenues to promotional allowances to be consistent with prevailing industry practice. This reclassification has no effect on net revenues, operating income or net income.

**2. Investments, Advances and Receivables**

Components of investments, advances and receivables were as follows at June 30 (in thousands):

	2003	2002
CRDA bonds and direct investments .....	\$ 13,497	\$ 8,754
CRDA deposits .....	16,627	19,169
Valuation allowance .....	(11,110)	(9,042)
	<u>\$ 19,014</u>	<u>\$ 18,881</u>

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges/(credits) for the

six months ended June 30, 2003 and 2002 for discounts on obligations arising in those years were \$416,000 and (\$855,000), respectively. Discounts on obligations for the three months ended June 30, 2003 and 2002 were \$257,000 and (\$370,000), respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

### 3. Other Accrued Expenses

Components of other accrued expenses were as follows at June 30 (in thousands):

	2003	2002
Insurance and related costs .....	\$ 1,755	\$ 1,599
Payroll and related liabilities .....	9,119	9,618
Gaming taxes and fees .....	2,818	3,622
Other .....	3,919	5,055
	<u>\$ 17,611</u>	<u>\$ 19,894</u>

### 4. Other Current Liabilities

Components of other current liabilities were as follows at June 30 (in thousands):

	2003	2002
Interest Payable .....	6,038	5,750
Other .....	2,698	2,963
	<u>\$ 8,736</u>	<u>\$ 8,713</u>

### 5. Long-Term Debt

#### Due to Affiliates

On March 22, 2002, RIHC sold \$180.0 million aggregate principal amount of First Mortgage Notes at a price of 97.686% yielding \$175.8 million. Interest on the First Mortgage Notes is payable on March 15 and September 15 of each year, and the First Mortgage Notes are due in full on March 15, 2009. In conjunction with the issuance of the First Mortgage Notes, RIHC issued a note to RIH with terms that mirror those of the First Mortgage Notes.

The First Mortgage Notes contain certain covenants that, among other things, limit RIHC's ability and the ability of its subsidiaries to pay dividends on, redeem or repurchase its or their capital stock, make investments, incur additional indebtedness, permit payment of or restrict dividends by certain of its subsidiaries, enter into sale leaseback transactions, sell assets, guarantee indebtedness, create certain liens, engage in transactions with affiliates, and consolidate, merge or transfer all or substantially all its assets and the assets of its subsidiaries on a consolidated basis.

In connection with the construction of the Hotel Expansion Project, the Company has capitalized interest of \$1.6 million since the commencement of the project, of which \$1.1 million has been capitalized during the six months ended June 30, 2003.

#### Other

Other long-term debt is summarized as follows at June 30 (in thousands):

	2003	2002
Thermal Energy capital lease .....	\$ 6,520	\$ 6,530
Other .....	823	1,600
	<u>7,343</u>	<u>8,130</u>
Less: current portion .....	942	857
	<u>\$ 6,401</u>	<u>\$ 7,273</u>

On June 16, 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at \$6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was \$6.5 million at June 30, 2003.

On August 17, 2001, RIH financed the purchase of \$2.1 million of gaming equipment. The agreement is for three years with monthly payments of principal and interest, with an annual interest rate equal to LIBOR plus 3.25%. As of June 30, 2003, the outstanding balance was approximately \$811,000.

## 6. Related Party Transactions

RIH recorded the following expenses from affiliates for the six months ended June 30 (in thousands):

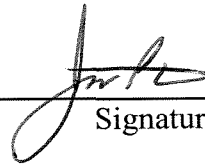
	2003	2002
Interest and amortization of discounts on First Mortgage Notes.....	\$ 10,568	\$ 5,860
Interest on Credit Facility .....	--	53
Interest on Seller Note .....	--	500
Interest on Term Loan A.....	--	257
Interest on Term Loan B.....	--	815
Interest expense on hedging instruments .....	13	119
Less: capitalized interest.....	(1,145)	--
	<u>\$ 9,436</u>	<u>\$ 7,604</u>

## 7. Income Taxes

The benefit for income taxes for the quarter ended June 30, 2003 is different than the amount computed at the United States statutory rate due to certain non-deductible items and state income taxes, which are calculated under an alternative minimum assessment of a percentage of gross revenues.

## STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.



Signature

Senior Vice President of  
Finance and Chief Financial Officer  
Title

4514-11

License Number

On Behalf Of:

RESORTS INTERNATIONAL HOTEL, INC.

Casino Licensee